

Message Text

UNCLASSIFIED

PAGE 01 TORONT 00782 020153Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07
L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15
USIA-15 AID-05 COME-00 EB-08 FRB-01 TRSE-00
XMB-04 OPIC-06 LAB-04 SIL-01 OMB-01 /099 W
-----020158Z 021892 /22

R 012125Z APR 77
FM AMCONSUL TORONTO
TO SECSTATE WASHDC 5237
INFO AMEMBASSY OTTAWA

UNCLAS TORONTO 0782

E.O. 11652: N/A
TAGS: PGOV, EFIN, SOPN, CA
SUBJECT: TORONTO REACTION TO FEDERAL BUDGET

1. GENERAL REACTION TO FEDERAL BUDGET BROUGHT DOWN MARCH 31
WAS GENERALLY NEGATIVE, THAT IT DID NOTHING TO COUNTER GROWTH
IN UNEMPLOYMENT OR TO HELP INDIVIDUAL TAXPAYER.

2. IN ONTARIO GENERAL LEGISLATIVE ASSEMBLY APRIL 1, ONTARIO
TREASURER DARCY MCKEOUGH REPORTEDLY CALLED FEDERAL BUDGET
"HONEST," APPROACHING PROBLEMS WITH LONG-TERM SOLUTIONS RATHER
THAN TEMPORARY MEASURES. THIS APPARENTLY LED TO OUTRAGED REACTION
FROM NDP OPPOSITION LEADER LEWIS WHO VOICE AMAZEMENT THAT THE
TREASURER COULD PRAISE A BUDGET WHICH IS "STUPID" AND DOES NOT
ATTACK UNEMPLOYMENT.

3. THE TORONTO STAR LEAD EDITORIAL APRIL 1 CALLED BUDGET "TIMID"
AND EXPRESSING "COLD ACCEPTANCE OF RISING UNEMPLOYMENT." THE
TORONTO SUN EDITORIAL CALLED THE BUDGET A "SO-WHAT" BUDGET, MEANING
"THAT WHATEVER THE GOVERNMENT HAS BEEN DOING WRONG SINCE
THE LAST BUDGET, IT WILL CONTINUE DOING WRONG UNTIL THE
NEXT ONE." THE SUN CONTINUED "WELL, FELLOW CITIZENS, BRACE
YOURSELVES. NO JOY IN OUR BRAVE NEW WORLD. AT LEAST MACDONALD
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TORONT 00782 020153Z

ISN'T HOLDING OUT FALSE HOPES. HELL, THERE ARE NO HOPES."

4. WHAT ELECTRONIC MEDIA REACTION WE HAVE HEARD HAS RANGED
FROM UNIMPRESSED TO VERY CRITICAL. JOHN BELANGER, BUSINESS
COMMENTATOR FOR BOTH RADIO STATION CKFM AND THE TORONTO SUN,
STATED IN MARCH 31 POST ANNOUNCEMENT PROGRAM THAT THE BUDGET
DID VERY LITTLE BUT CONTINUE OUTDATED MEASURES AND REFLECTED ON

A GOVERNMENT THAT IS CONTINUALLY MISCONSTRUING THE PROBLEMS OF THE ECONOMY. IN BELANGER'S REGULAR 8:15 A.M. COMMENTARY APRIL 1, HE STATED THAT HE WAS SHOCKED THAT SO MUCH OF THE MEDIA HAD BEEN TAKEN IN BY GOVERNMENT PRESS RELEASES CALLING THE BUDGET ONE OF RESTRAINT, AS HE FELT A BUDGET FORECASTING A ONE BILLION DOLLAR INCREASE IN DEFICIT COULD HARDLY BE TERMED RESTRAINTIVE.

5. FINANCE MINISTER MACDONALD WAS INTERVIEWED BY TELEPHONE ON CKFM TORONTO NOON PROGRAM "OUR TORONTO" FOLLOWING INTRODUCTION WHICH STATED THAT BUDGET HAD "BOMBED" AND QUOTING UAW LEADER DENNIS MCDERMOTT THAT BUDGET "KICK IN THE ASS" TO THE UNEMPLOYED. MACDONALD STATED PURPOSE OF BUDGET WAS TO STIMULATE PRIVATE SECTOR TO MAKE NEW INVESTMENT SO AS TO PRODUCE EMPLOYMENT, INCREASE PRODUCTIVITY, GET ECONOMY MOVING. HE CLAIMED THERE NO CHANCE OF DRAMATIC REDUCTION OF UNEMPLOYMENT IN 1977 BECAUSE MAJORITY OF UNEMPLOYMENT STEMS FROM PRIVATE SECTOR ACTIVITY AND PUBLIC SECTOR POSSIBILITIES, SUCH AS MASSIVE PUBLIC WORKS, HAVE BEEN SEVERELY CRITICIZED AS HIGHLY INFLATIONARY WHEN USED IN THE PAST. IN COUNTERING CRITICS OF BUDGET, HE NOTED THAT BUDGET'S "MINOR ADJUSTMENTS" WILL COST TREASURY ONE BILLION DOLLARS AND THAT PEOPLE WHO CALL BUDGET BUSINESS RATHER THAN TAXPAYER-RELATED FORGET THAT BUDGET MEASURES COME ON HEELS OF REDUCTION IN INCOME TAX AND IN UNEMPLOYMENT CONTRIBUTIONS EFFECTIVE JANUARY 1, 1977. WHEN ASKED WHY BUDGET PROMOTED INVESTMENT WHEN CANADIAN ECONOMY AT ONLY 80 PERCENT CAPACITY NOW, MACDONALD NOTED THAT AVERAGE CAPITAL EXPANSION TAKES BETWEEN 12 TO 18 MONTHS, THAT ECONOMY SHOULD PREPARE FOR IMPROVED MARKET SITUATION EXPECTED IN FUTURE AND UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TORONT 00782 020153Z

THAT EXPANSION WOULD HAVE IMMEDIATE EFFECT ON JOBS IN THE CONSTRUCTION AND EQUIPMENT INDUSTRIES. HE ALSO SAID THAT INCOME TAX CHANGES WILL HAVE EFFECTS ON ECONOMY FAIRLY SOON, AS WITHHOLDING DEDUCTION TABLES WILL CHANGE BY JULY 1.

6. ON QUESTION OF WAGE AND PRICE CONTROLS MACDONALD NOTED THAT WHILE CANADIAN LABOR CONGRESS WOULD LIKE CONTROLS OFF THIS AFTERNOON, THERE IS SUBSTANTIAL CONCERN BY THE PROVINCES ABOUT REMOVING CONTROLS TOO EARLY IN 1977. WHEN ASKED ABOUT IMPROVED MENTALITY IN CANADA AS A RESULT OF AIB PROGRAM, MACDONALD SAID THAT REALISM HAS INCREASED BUT NOT YET SUFFICIENTLY. HE NOTED THAT B.C. WOODWORKERS ARE NOW ASKING FOR 30 PERCENT INCREASE AND THAT SUCH DEMANDS WOULD PUT CANADA BACK IN THE LEAPFROGGING SITUATION WHICH EXISTED BEFORE AIB. MACDONALD NOTED THAT EVERYBODY AGREED RECENT OTTAWA GOVERNMENT/BUSINESS/LABOR MEETING EFFECTIVE BUT THAT BUSINESS AND LABOR DID NOT MAKE ANY REAL UNDERTAKINGS IN REGARD TO INFLATION BUT CLAIMED MERELY THAT THINGS WOULD GO ALL RIGHT IF CONTROLS TAKEN OFF.

7.COMMENT: REACTION SO FAR TO THE BUDGET ANNOUNCEMENT
REFLECTS LITTLE DESIRE TO ACCOMMODATE MINISTER MACDONALD'S
ATTEMPT TO WALK THE TIGHTROPE BETWEEN STIMULATION AND CONTROL
OF INFLATION. THE ABSENCE OF ANYTHING DRAMATIC IN THE FIGHT
AGAINST UNEMPLOYEMENT, IN FACT THE WHOLE "A BIT HERE, A BIT
THERE" APPROACH OF THE BUDGET, GIVES LITTLE ROOM FOR POPULAR
ACCEPTANCE OR EVEN INTEREST BY THE VOTING PUBLIC. WHAT WILL
STICK IN PEOPLE'S MINDS WILL BE THE LACK OF DYNAMIC UNEMPLOYEMENT
MEASURES AND THE SUGGESTED FAVORITISM TO BUSINESS.
DIGGINS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROVINCE, BUDGETS, GOVERNMENT REACTIONS, CENTRAL GOVERNMENT
Control Number: n/a
Copy: SINGLE
Sent Date: 01-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TORONT00782
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770113-1029
Format: TEL
From: TORONTO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770496/aaaadgbp.tel
Line Count: 127
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b48e8bab-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 26-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2922300
Secure: OPEN
Status: NATIVE
Subject: TORONTO REACTION TO FEDERAL BUDGET
TAGS: PGOV, EFIN, SOPN, CA
To: STATE
Type: TE
vdkgvwkey: odbs://SAS/SAS.dbo.SAS_Docs/b48e8bab-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009